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INFO RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE  
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 9612  
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 9861  
RUEHWL/AMEMBASSY WELLINGTON IMMEDIATE 0896  
RHEHNSC/NSC WASHDC IMMEDIATE  
RUEKJCS/SECDEF WASHDC IMMEDIATE  
RHHJJPI/USPACOM HONOLULU HI IMMEDIATE  
RHHMUNA/CDR USPACOM HONOLULU HI IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 007561

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SUBJECT: INDONESIA: SIX MONTHS OF NORMALIZED MIL-MIL  
RELATIONS

Classified By: CDA W.L. Amselem. Reasons 1.4 (b) and (d).

¶1. (C) Summary: A bit over six months after the Administration moved to normalize military relations with Indonesia the U.S. has gained traction on a broad range of issues in ways we previously found impossible. No aspect of our bilateral relationship has experienced more pronounced change than in defense and security issues. On learning of the Secretary's November decision to waive Congressional restrictions on FY 06 military assistance, President Yudhoyono declared that "a new bilateral relationship is now possible." Despite ineptness in and outright obstructionism from parts of the GOI bureaucracy, Yudhoyono has moved forward to build a productive partnership with us and assume a more responsible role in regional and select global issues. Although the lingering fear that Congress could re-impose restrictions introduces an element of restraint, Indonesia's Department of Defense and Armed Forces (TNI) have shown willingness to engage with us. Our ability to influence the transformation of the TNI has taken a giant step forward. End Summary.

TNI Regains (Some) Confidence in the U.S.

¶2. (C) President Yudhoyono viewed the November waiver of Congressional restrictions on our military relationship as an expression of support for his government and its efforts to continue the process of democratic reform in Indonesia. While cooperation with the Yudhoyono administration has improved in many ways, the change in our military and security relations has proven the most pronounced. With Yudhoyono's appointment last February of Air Marshal Djoko Suyanto as TNI Commander and of General Djoko Santoso as Army Chief of Staff -- sidelining the quirky and ultra-nationalist former Army Chief General Ryamizard Ryacudu -- the President has in place professional, moderate, reform-minded and U.S.-trained officers with whom we can work effectively. Although some officers still harbor suspicions about us, overall confidence has built within TNI that the U.S. has committed to a long-term, normal relationship; we have gained access and ability to influence this previously difficult to engage institution. Building on the relations and trust that grew during U.S. tsunami relief operations, TNI Chief Suyanto regularly contacts PACOM Commander Fallon and Embassy DATT. TNI now grants Embassy DAO access to subordinate commands, once off-limits to foreign visitors. Recent visits by ranking TNI officers to the U.S. and exchanges between U.S. and Indonesian delegations at the Indonesia-U.S. Security Dialogue have produced valuable exchanges.

## Helping DEPHAN Increase Civilian Control

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13. (C) A strong, civilian-controlled Ministry of Defense that sets and enforces a reformist agenda remains key to our interest in reforming TNI and ensuring that it has the capabilities to promote regional security and respond to civil emergencies in a professional, non-abusive manner. Defense Minister Juwono Sudarsono, a civilian with a strong reformist record, has sought U.S. assistance for several aspects of his restructuring and reform agenda. Juwono, who has grappled with the challenge of gaining control over the TNI's procurement process by setting new acquisition priorities and ending corrupt procurement practices, moved quickly to revive Indonesian participation in the FMS system. TNI-Air Force in December 2005 opened a \$15 million C-130 parts case and TNI procurement officials have begun re-learning the FMS system, providing a transparency of defense expenditures unfamiliar to a generation of TNI procurement officials. Juwono and DEPHAN explain to us that they have developed a doctrine of "minimum essential force" that emphasizes refurbishment of existing systems, shifting procurement priorities away from big-ticket prestige systems to emphasize rebuilding basic capabilities. DEPHAN has given priority to improving the Air Force's ability to move supplies and personnel; reviving the Navy's maritime security role; and building the Army's civil emergency response capability.

## Helping Transform TNI With DRMS

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14. (C) In a decision with possibly long-term reform and

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professionalization consequences, Juwono in April agreed to Indonesia's participation in the Defense Resource Management Study (DRMS) program. Juwono's decision gives the U.S. unprecedented ability to help transform Indonesia's defense budget and acquisition processes, redefine TNI missions and priorities to move from internal security missions to external defense, and to support the modernization and professionalization of TNI. Under the multi-year DRMS program, TNI will open its books and internal practices to the scrutiny of U.S. experts -- allowing a level of transparency and U.S. influence unimaginable six months ago. Successful completion of the DRMS program would make possible more extensive U.S. involvement in restructuring DEPHAN and TNI through multi-year defense budget planning and acquisition reform programs, as done in the Philippines with Philippine Defense Reform (PDR).

15. (C) Our newly-acquired ability to offer a full range of cooperative programs to Indonesia has generated other opportunities to engage DEPHAN/TNI and influence Indonesian security reform. DEPHAN in April agreed to TNI participation in the National Guard's State Partnership Program (SPP), which will supplement PACOM activities and allow building another web of permanent, ongoing relations with U.S. forces. DEPHAN in May hosted a week-long inter-ministerial seminar, conducted by PACOM's Asia-Pacific Center for Security Studies (APCSS), that produced a proposal for a national security coordination council that DEPHAN will incorporate in draft legislation to reform the security sector. DEPHAN now seeks APCSS assistance to structure and establish a "disaster response force" within TNI that will give it the capability to respond more effectively to Indonesia's frequent natural disasters.

## Improving TNI Capabilities: FMF, FMS, DCS

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16. (SBU) Following waiver of Congressional restrictions, which enabled resumption of FMF and FMS, Washington agencies moved to identify funds available to Indonesia to augment the \$990K appropriated by Congress for FY06. These included

funds from Indonesia's FMF holding account and balances from old FMS cases. Indonesia could benefit from Section 1206 funds in FY06, totaling \$19.7 million, to accelerate completion of a TNI-Navy project to establish full radar and communications capabilities in the Malacca Strait. This funding would jumpstart our military assistance program, allowing us to assist projects that directly address U.S. interests and priorities, e.g., maritime security, regional stability and counterterrorism.

#### Building TNI Skills, Capacity, Professionalism

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17. (SBU) Full IMET became available to Indonesia following certification by the State Department in February 2005. Indonesian officials -- and TNI officers who have benefited from past training and those who aspire to receiving it now -- have proven receptive to the renewed availability of professional training courses. PACOM, following the November normalization, has stepped up its engagement and now offers training and exercises, including JCETs that allow the TNI to help us achieve mutual security objectives in the region -- from maritime security and interoperability to facilitating reform of the TNI. In addition to conferences and Subject Matter Expert Exchanges (SMEE's) addressing CT, doctrine development, logistics, intelligence, and disaster relief, PACOM will provide increased Joint Combined Exercises and Training (JCETS) and bilateral exercises among services, transitioning to an increased multilateral and joint engagement program. Humanitarian Civil Action programs, such as our recent effort in Nias in which U.S. forces built a school and two bridges, put a positive face on our joint efforts. PACOM's superb response to the tsunami and earthquakes in 2004-2005, and more recently the earthquake in Jogjakarta, demonstrated to the Indonesian public and TNI, as no other U.S. effort could, the benefits of bilateral military cooperation. The USNS Mercy will reprise its assistance effort during the tsunami and Nias earthquakes in 2005 by returning for a several-week visit to Indonesia this summer. Such humanitarian relief efforts generate positive public empathy, and promote cooperation among U.S. and Indonesian forces that can transfer to subsequent operations.

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#### Moving Forward, With Deliberate Speed

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18. (C) Washington agencies and PACOM moved quickly to find the tools and resources we needed to re-launch our normalized military relationship. Visits by Secretaries Rice and Rumsfeld, State-led Pol-Mil talks and the DOD-led Indonesia-U.S. Security Dialogue, and many other visits by ranking U.S. officials and experts during the past six months have reinforced with Yudhoyono, his government, and TNI that the U.S. plans to remain constructively engaged over the long-term. We have emphasized throughout that our engagement seeks to support Yudhoyono's reform priorities, and that increased professionalism and respect for human rights by Indonesian security forces remain indispensable elements. As a result, we now influence security sector reform and capabilities in ways we only hoped for six months ago. Challenges, nevertheless, remain. President Yudhoyono and key officials, in opening to the U.S., must carefully tread between nationalist and Islamist camps that find common cause in their suspicion of increased U.S. involvement in Indonesia. Yudhoyono has succeeded and our engagement has struck the right balance and continues to rebuild trust. We should continue the process we have begun, always aware of potential political minefields both in Indonesia and in the U.S., with the ultimate result that Indonesia becomes a valued partner and becomes capable of assuming the responsibilities appropriate for this populous, Islamic-majority emerging democracy.

¶9. (U) We have a winner.  
AMSELEM